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Message Text

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PAGE 01 DAMASC 02102 051226Z

44
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 ACDA-05 CIAE-00 DODE-00 PM-03

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 ERDA-05 AID-05 CEA-01 CIEP-01 COME-00

EB-07 FEAE-00 FPC-01 INT-05 OMB-01 SAM-01 OES-03

STR-04 TRSE-00 FRB-03 /110 W
---------- 058223
R 050926Z JUN 75
FM AMEMBASSY DAMASCUS
TO SECSTATE WASHDC 3634
INFO AMEMBASSY AMMAN
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY JIDDA
AMEMBASSY MOSCOW
AMEMBASSY TEL AVIV

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BEIRUT PASS BAGHDAD

E.O. 11652: N/A
TAGS: PFOR, ENRG, EINV, SY, US
SUBJ: TRIPCO OIL CONCESSION CRITICIZED BY PEOPLE'S
COUNCIL AND SYRIAN COMMUNIST PARTY BUT FINALLY RATIFIED

1. SUMMARY: SYRIA'S FIRST OIL EXPLORATION AGREEMENT WITH
AN AMERICAN COMPANY RAN INTO HEAVY CRITICISM THIS WEEK
FROM SYRIAN COMMUNIST PARTY AND OTHERS BUT WAS FINALLY
RATIFIED BY PEOPLE'S COUNCIL. DEBATE IN NORMALLY DOCILE
COUNCIL WAS VIGOROUS AND DEPPRIMIN HAYDAR APPEARED PERSONALLY
TO DEFEND AGREEMENT. INCIDENT SHOWS THAT SOME
OPPOSITION EXISTS IN SYRIA TO ASAD'S POLICY OF ECONOMIC
LIBERALIZATION AND OBTAINING TECHNOLOGY FROM WEST. AGREE-
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PAGE 02 DAMASC 02102 051226Z

MENTS WITH AMERICAN FIRMS WILL BE SCRUTINIZED CLOSELY.

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SYRIAN LEADERSHIP, HOWEVER, IS CONTINUING TO ENCOURAGE VISITS
BY U.S. OIL COMPANIES AND EXPLORATION-RELATED FIRMS. END SUMMARY.

2. JUNE 1 DAMASCUS PRESS REPORTED THAT PREVIOUS
DAY CONSTITUTIONAL AFFAIRS COMMITTEE OF PEOPLE'S
COUNCIL ANNOUNCED THAT IT HAD NOT COMPLETED STUDY OF
DRAFT BILL RATIFYING TRIPCO OFFSHORE CONCESSION
AGREEMENT. PRESS JUNE 2 REPORTED THAT COMMITTEE APPROVED
BILL AND SENT IT TO FULL COUNCIL, WHICH ALSO APPROVED
DRAFT AND REFERRED TO OTHER COMMITTEES FOR STUDY
AND APPROVAL.

3. JUNE 4 AL-THAWRAH FRONT-PAGED PREVIOUS DAY'S
PEOPLE'S COUNCIL SESSION WHICH IT APPEARS ALMOST
EXCLUSIVELY DEVOTED TO DEBATE OF TRIPCO AGREEMENT.
COUNCIL ULTIMATELY RATIFIED AGREEMENT BUT ONLY AFTER
HEARING EXPLANATION BY DEPPRIMIN FOR ECONOMIC AFFAIRS
HAYDAR. HAYDAR DEFENDED AGREEMENT BY ASSERTING IT FIT WITHIN
THE TWO GREAT TASKS OF CORRECTIVE MOVEMENT LED BY
PRESIDENT ASAD -- LIBERATION OF OCCUPIED TERRITORY
AND ACCELERATING ECONOMIC DEVELOPMENT. HAYDAR REPORTEDLY
EMPHASIZED THAT TRIPCO AGREEMENT WAS IN CONFORMITY WITH
PRINCIPLE THAT FOREIGN INVESTMENTS BE UNDER CONTROL
OF SYRIA'S SOCIALIST SYSTEM. HE CONCLUDED BY STATING
THAT "WE WILL CONTINUE TO EXPLOIT OIL OPERATIONS IN
OUR COUNTRY TO CONSOLIDATE OUR MILITARY, POLITICAL AND
ECONOMIC POSITIONS." REPORT MENTIONED THAT MANY MEMBERS PAR-
TICIPATED IN DEBATE WHICH ACCOMPANIED HAYDAR EXPLANATION.

4. SYRIAN COMMUNIST PARTY NEWSPAPER "PEOPLE'S
STRUGGLE" ISSE NO. 179 DATED "LATE MAY" HEADLINED
STATEMENT BY CPS SECGEN KHALID BAQDASH UNDER TITLE
"DRAFT SYRIAN-AMERICAN OIL AGREEMENT" QUESTIONING
JUSTIFICATION FOR TRIPCO CONCESSION. BAQDASH REPEATED
RESERVATIONS ABOUT AGREEMENT WHICH THE TWO CPS REPS
ON CENTRAL COMMAND OF NATIONAL PROGRESSIVE FRONT HAD
EXPRESSED WHEN FRONT DEBATED ISSUE. AT THAT TIME,
HE SAID, CPS WOULD EXPLAIN PARTY POSITION DURING
PEOPLE'S COUNCIL DEBATE. BAQDASH SERVED NOTICE THAT
"PARTIES IN FRONT, GOVERNMENT AND PEOPLE'S COUNCIL WERE
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NOT COMMITTED TO ACCEPT ANY OFFER COMING FROM ANY QUARTER
AND UNDER ANY CONDITIONS." TRIPCO AGREEMENT WAS "IN
CONFLICT" WITH SYRIAN CONSITUTION AND MAY NOT CONFORM
TO SYRIAN NATIONAL INTEREST IN EXPLOITATION OF PETROLEUM
RESOURCES "WITH SUPPORT OF FRIENDLY SOCIALIST STATES."
BAQDASH CONCLUDED WITH "HOPE THAT AFFAIR WILL BE CON-
CLUDED IN MANNER BEFITTING PRINCIPLE OF OUR NATIONAL
SOVEREIGNTY OVER OUR NATURAL RESOURCES AND EXCLUDING

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IMPERIALIST OIL MONOPOLIES FROM OUR COUNTRY IN WHICH
THEY SHOULD NOT BE PERMITTED TO GAIN FOOTHOLD."

5. COMMENT: BAQDASH STATEMENT INDICATES THAT CPS IN
OPEN DISAGREEMENT WITH AT LEAST SOME ASPECTS OF ASAD'S
POLICY OF ECONOMIC LIBERALIZATION AND ENCOURAGEMENT OF
WESTERN TECHNOLOGICAL INFLOW, AND HIS WARM WELCOME TO
AMERICAN FIRMS -- INCLUDING INVITATION EXPRESSED
PERSONALLY TO EXXON CHAIRMAN KEN JAMIESON LAST JANUARY
(DAMASCUS 264). REGARDING TRIPCO,WE SUSPECT THAT
BAQDASH MOTIVATED BY MIXTURE OF MARXIST PRINCIPLE AND
CONCERN FOR PREVIOUSLY FAVORED POSITION OF EASTERN BLOC
OIL TECHNOLOGY WITH WHICH WE UNDERSTAND SARG IS DIS-
SATISFIED. SOVIETS, ROMANIANS, ET AL., NO DOUBT DISLIKE
SEEING THEIR MONOPOLY POSITION IN PETROLEUM
EXPLORATION SECTOR DISTURBED. (SOVIETS, FOR EXAMPLE, MADE
THEIR DISPLEASURE WELL KNOWN WHEN GE BROKE SOVIET MONOPOLY
IN RAILWAY EQUIPMENT WITH RECENT $18 MILLION GE SALE OF
LOCOMOTIVES.) PEOPLE'S COUNCIL DEBATE MAY HAVE GENERATED
MORE THAN CPS SUPPORT TO BRING IN HEAVYWEIGHT LIKE
HAYDAR TO DEFEND AGREEMENT. WE CANNOT INDEED REMEMBER
NORMALLY TAME COUNCIL DEBATING ISSUE AT SUCH LENGTH
AND GAINING SUCH PUBLICITY. ALTHOUGH RATIFICATION
PROBABLY ASSURED IN ADVANCE,HCOUNCIL AT LEAST FORCED
APPEARANCE OF HAYDAR AND PUT ASAD ON NOTICE THAT HIS
OPENING TO WEST WILL BE SCRUTINIZED VERY CAREFULLY
IN FUTURE, ESPECIALLY WHERE AMERICAN BUSINESS CONCERNED.
MEANWHILE, HAYDAR, MINECON IMADI, DEPMINPLANNING HILOU,
PETMIN MUSTAFA AND OTHERS CONTINUE TO ENCOURAGE VISITS
BY U.S. OIL COMPANIES AND AMERICAN EXPLORATION-RELATED
FIRMS.
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Disposition Authority: ShawDG
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